

HOUSE JOINT RESOLUTION 770
By Casada

A RESOLUTION to propose an amendment to Article II, Section 24, of the Constitution of the State of Tennessee, relative to the growth of state government.

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE ONE HUNDRED THIRD GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE SENATE CONCURRING, That a majority of all the members of each house concurring, as shown by the yeas and nays entered on their journals, that it is proposed that Article II, Section 24, of the Constitution of Tennessee be amended by deleting the following paragraph:

In no year shall the rate of growth of appropriations from state tax revenues exceed the estimated rate of growth of the state's economy as determined by law. No appropriation in excess of this limitation shall be made unless the General Assembly shall, by law containing no other subject matter, set forth the dollar amount and the rate by which the limit will be exceeded.

and by substituting instead the following paragraphs:

The rate of growth in state tax revenue expenditures, for any fiscal year, shall not exceed the rate derived from the following formula, to be known as the TABOR Cap:

The rate of household-consumer inflation for the prior calendar year (as determined by the consumer price index, all items, as published by the United States department of labor or its successor agency), plus the net percentage increase in state population occurring during the prior calendar year (as determined by the most recent decennial census as may be adjusted by the population estimates program of the United States bureau of census or its successor agency), appropriately adjusted to reflect any state tax revenue increases previously approved by voters.

In the absence of a declared state emergency as provided by the following paragraph, all state tax revenue collections in excess of the TABOR Cap, shall be returned to taxpayers by means of taxpayer refunds or tax rate reductions, as provided by law, within two calendar years of the close of the fiscal year in which the excess revenue occurred. Any such excess revenue collection refund or rate reduction may be obviated by an alternative allocation or expenditure plan approved in advance by a majority of voters in a statewide referendum authorized by law.

A state emergency may be declared for purposes of the preceding paragraph and the TABOR Cap may be temporarily exceeded if approved by two-thirds of all members to which each house of the general assembly is entitled. Any such declared state emergency shall not extend beyond one complete fiscal year unless an extension of a time certain is approved in advance by a majority of voters in a statewide referendum as authorized by law. No such emergency shall be declared based on revenue shortfalls or salary or benefit increases for educational personnel or public employees.

On the books and records of the state treasury, there shall be a reserve account in the general fund to be known as the Reserve for Revenue Fluctuations. Amounts in the reserve account may be available for a declared state emergency or to meet unexpected shortfalls of revenue below expenditure levels set by the TABOR Cap adjusted for any state tax revenue increases previously approved by voters. Any withdrawal from the reserve account shall be deemed to be a state tax revenue expenditure for purposes of the growth limit prescribed by the TABOR Cap.

In the fiscal year immediately following the effective date of this amendment, the governor shall include in the budget document and corresponding general appropriations bill an amount to be allocated to the Reserve for Revenue Fluctuations at least equal to ten percent of the estimated growth in state tax revenue expenditures for the current year. Such allocation shall be included in the budget presented each year until the amount in the reserve account equals at least five percent of the estimated state tax revenue expenditures for the current year. In subsequent budgets, the governor shall include an allocation to the reserve account at least equal to the lesser of:

(1) An amount equal to ten percent of the estimated growth in state tax revenue expenditures; or

(2) An amount sufficient to maintain the reserve account at five percent of the estimated state tax revenue expenditures for the current year.

Under no circumstances shall any new state tax be imposed or the rate or rates of any existing state tax be increased without advance approval by a majority of voters in a statewide referendum as provided by law. Upon expiration of temporary tax rate reductions used to effectuate the return of state tax revenue collections in excess of the TABOR Cap, reversion to the previously imposed tax rates shall not constitute a tax rate increase for purposes of this paragraph.

BE IT FURTHER RESOLVED, That the foregoing amendment be referred to the One Hundred Fourth General Assembly and that this resolution proposing such amendment be published by the Secretary of State in accordance with Article XI, Section 3, of the Constitution of the State of Tennessee.

BE IT FURTHER RESOLVED, That the clerk of the house of representatives is directed to deliver a copy of this resolution to the Secretary of State.